
Local Government & Housing Committee

SB 5354

Brief Description: Regarding public hospital capital facility areas.

Sponsors: Senators Haugen and Ranker.

Brief Summary of Bill

- Establishes a mechanism for forming voter-approved public hospital capital facility areas (facility areas) for financing public hospital capital facilities and other capital health care facilities.
- Defines "hospital capital facilities" and "other capital health care facilities."
- Authorizes facility areas to incur indebtedness, issue bonds, and impose property taxes.
- Specifies powers and governance provisions for facility areas.

Hearing Date: 3/19/09

Staff: Ethan Moreno (786-7386)

Background:

Public hospital districts are authorized to operate hospitals and other health care facilities and to provide other hospital and health care services to district residents and other persons. These health care services may include nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services. Public hospital districts are governed by elected commissioners who serve six-year terms. Public hospital districts may include territory in more than one county, and territory may be annexed to or withdrawn from districts if applicable requirements are met.

Summary of Bill:

Public Hospital Capital Facility Areas - General Formation Provisions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A public hospital capital facility area (facility area) may be established as an independent taxing authority in all or part of a city or town by the legislative authority of a county that:

- is composed entirely of islands;
- has a total land area between 38 and 40 square miles; and
- receives medical services from an existing public hospital district, but is unable to annex to that district because of geographic location and a lack of contiguous boundaries.

Procedures for establishing a facility area are established. Persons wishing to establish a facility area must submit a completed written request to the applicable county legislative authority that requests:

- the formation of the facility area; and
- a ballot proposition to finance public hospital capital facilities and other capital health care facilities, terms defined in the bill.

The request must:

- be signed by a majority of the members of the board of trustees of a public hospital district serving the proposed facility area;
- include a description of the boundaries of the proposed facility area; and
- include city or town and public hospital district documents indicating support for the proposal and agreement the payment of associated election costs.

Upon receipt of the required materials, the county legislative authority must submit separate ballot propositions to voters to authorize the:

- establishment of the facility area; and
- financing of public hospital capital facilities and other capital health care facilities by issuing general indebtedness and imposing excess levies to retire the indebtedness.

Petition provisions for the formation of a facility area are specified. These petitions may describe an area that is less than the entire county in which the petition is filed, but the boundaries of the proposal must follow, and may not divide, voting precincts. If a petition containing signatures equal in number to at least 10 percent of the voters of the proposed district (*i.e.*, area) who voted at the last general election is filed with the applicable county legislative authority, the legislative authority must satisfy public notice and hearing requirements. The legislative authority may modify the boundaries of the proposed facility area, but it may not include territory outside the boundaries of the petition without receiving written request to do so from the owners of those lands.

Limits on Legal Challenges.

Unless commenced within 30 days after the filing of the certificate of the canvass of the applicable election, no lawsuit challenging the legal existence of the facility area or the validity of associated proceedings may be maintained. If the creation of a facility area is not challenged within this 30-day period, the facility area conclusively must be deemed duly and regularly organized under Washington law.

General Powers, Contracting Authority, Taxing Authority, and Governance.

A facility area facility area may construct, acquire, purchase, maintain, add to, and remodel public hospital capital facilities. The governing body of the facility area may contract with a county, city, town, or public hospital district to design, administer the construction of, operate, or maintain a public hospital capital facility or other capital health care facility financed through facility area provisions. Legal title to public hospital capital facilities or other capital health care facilities that are acquired or constructed under facility area provisions may be transferred, acquired, or held by the facility area or by a qualifying county, city, town, or public hospital district.

Any facility area may contract or join with any public hospital district, publicly owned hospital, nonprofit hospital, legal entity, or individual to acquire, own, operate, manage, or provide any hospital or other health care facilities, hospital services, or other health care services to be used by individuals, districts, hospitals, or others. If a facility area chooses to contract or join with another party or parties, it may do so through establishing a nonprofit corporation, partnership, limited liability company, or other legal entity of its choosing in which the facility area and the other party or parties participate. The governing body of the established legal entity must include representatives of the facility area.

A facility area may contract indebtedness or borrow money to finance public hospital capital facilities and other capital health care facilities, and may issue general obligation bonds for this purpose in an amount, together with existing indebtedness, equal to or less than 1.25 percent of the value of the taxable property in the facility area. A facility area may impose excess property tax levies to retire the general indebtedness if a ballot proposition authorizing the indebtedness and excess levies is approved by at least 60 percent of the voters of the facility area voting on the proposition and other requirements are met.

The governing body of the facility area must consist of three members of the county legislative authority from each county in which facility area is located. In counties that have more than three members of their legislative body, the three members who serve on the governing body of the facility area must be chosen by the full membership of the county legislative authority.

Treasurer Provisions and Duties.

The treasurer of the county in which a facility area is located must be the treasurer of the facility area. However, the commission of the public hospital district in which the facility area is located may satisfy bonding requirements and designate a qualified person to serve as treasurer of the facility area. General warrant, interest, fund, and bond provisions pertaining to treasurer responsibilities are specified.

Definitions.

Definitions pertaining to facility are established, including:

- *hospital capital facilities* include both real and personal property including land, buildings, site improvements, equipment, furnishings, collections, and all necessary costs related to acquisition, financing, design, construction, equipping, and remodeling; and
- *other capital health care facilities* means nursing home, extended care, long-term care, outpatient and rehabilitative facilities, ambulances, and such other facilities as are appropriate to the health needs of the population served.

Appropriation: None.

Fiscal Note: Requested on March 18, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.